

To: Chairs of the Senedd
CYPE and Equalities and
Social Justice
Committees

Via email only

Date: 14th January 2022

Dear Chair

Budget scrutiny 2022-23

I write in relation to your Committee's ongoing scrutiny of the Welsh Government's draft budget 2022-23.

Throughout my term as Children's Commissioner for Wales I have carefully scrutinised the budget proposals in respect of provision for children and respect for children's rights. I have previously highlighted anomalous areas where budget lines benefitting children have been mistakenly removed, in relation to support for minority ethnic groups' education and the School Beat police liaison programme, and I have worked alongside the Senedd CYPE Committee in particular to rectify these deficits. I have also consistently raised the need for overall consideration of the Budget from a children's rights perspective and have welcomed a series of Committee recommendations in this regard.

There is not a published Children's Rights Impact Assessment for the Budget again this year, as I note the CYPE Committee has already raised with Ministers. This suggests that there has not been a coherent and overall consideration of the children's rights implications of the budget settlement. There are just five short paragraphs about children in the Strategic Integrated Impact Assessment, which include overt recognition that the impact of the pandemic is disproportionately affecting young people, and putting them at elevated risk of mental health issues throughout their life course. And yet there is nothing further said about how the Budget as a whole aims to mitigate against that impact and no mention or consideration of children's rights.

It is noted that this budget presents an uplift for many public services, in response, in part, to the Covid-19 pandemic of course. This is welcomed.

As independent champion for children across Wales, it is my statutory role and legislative remit to hold those bodies to account on their delivery and provision for children's rights. Yet I find myself in the absolutely unprecedented position of having to make representations regarding the level of my own budget, presented by Welsh Government as a 'flat budget' for the next three years, but



Tŷ Llewellyn/Llewellyn House
Parc Busnes Glan yr
Harbwr/Harbourside Business Park
Heol yr Harbwr/Harbourside Road
Port Talbot
SA13 1SB

post@comisiynyddplant.cymru
post@childrenscommissioner.wales

comisiynyddplant.cymru
childrenscommissioner.wales

resulting in what is a real terms cuts to the funding needed to sustain the important work of our organisation.

What we requested in our estimate

The statutory Budget Estimate that I submitted to the Government in October 2021 set out the needs of the organisation on a full resource basis, as is required by Welsh Government. A copy of that Estimate is appended in full to this letter to provide further context and evidence to the points I raise in this letter. The figure assessed as necessary for the organisation to continue to function for the next year was £1,695,765, leaving a shortfall of £115,765 in year from the £1,580,000 that is proposed. With a projected 'flat budget' for the two subsequent years as well, this presents a significant challenge to the financial sustainability and performance of the organisation in its current format. Costs outside my control as accounting officer, such as national insurance and pensions, will continue to rise during this period.

Throughout my term as commissioner, I have been acutely aware of the need to deliver best value for money during times of austerity for public services in Wales. I have no other income-generating opportunities but have managed to:

- Systematically reduce the high level of financial reserves inherited at the time of my appointment to a level that falls within Welsh Government accounting guidelines, in line with the Designation Order;
- Decrease staffing complement as a result of a 10% cut to my budget in year 1;
- Decrease our office footprint by 64%;
- Increase both outputs and impacts – referred to by the CYPE Committee as 'astonishing' - over the last 6 years with a 'flat budget', which has amounted to real terms annual budget cuts;
- Undertake additional work during the pandemic, including two large-scale, internationally renowned surveys of children and young people without requesting additional funds.

I have written to my link Minister, Jane Hutt, to raise my concerns, but felt it was important to also raise this with the relevant scrutiny committees in relation to this area of work. I have therefore sent this letter to the Chairs of both the Senedd CYPE Committee and the Senedd Equality and Social Justice Committee. My budget falls within the Social Justice allocation, alongside the other statutory Commissioners, but my usual annual scrutiny sits with the CYPE Committee, hence my reasoning for approaching both committees in this regard.

Key reasons for requesting a modest increase

1. The vast majority of my budget is taken up by fixed costs for staffing, premises, IT and other regulatory requirements such as financial audits. These costs have risen significantly during my term, alongside a reduced budget income and the reduction in reserves. This includes a **64% rise in pension costs since 2018**, which is beyond my control, while staff wages have risen by only 11% overall. The Estimate submitted sets out in substantial detail the efforts made to reduce fixed costs and seek greater value for money for the public purse but I have reached the stage where there is nowhere else that can be cut without this affecting the organisation's delivery and how we meet our statutory remit and obligations.
2. The new Children's Commissioner will take up post in April 2022. As custodian of the office, I feel morally and professionally obligated to deliver the organisation to my successor in a stable and sustainable financial position, which is why I submitted the Budget Estimate with a request for a modest uplift on a costed and resource basis. Without that modest increase, my successor will be unable to meet the rising costs that will be outside of her immediate control as Accounting Officer, and this will negatively impact her delivery of the role. This creates an unfair situation and public perception for a new incumbent, who may face criticism for a more limited work plan or approach, when in fact this will be beyond her control due to insufficient funding.

I note that the Senedd CYPE Committee, in its report on the pre-appointment process for the new commissioner, raised a number of areas on which they would expect the office to focus throughout her term. These include effective engagement with children and young people across the whole country, building new professional networks to support this, measuring the impact of the office's complex and multi-faceted work, taking tangible concrete action to make a real difference to children's lives and taking time and care to listen to all children including Welsh-speaking children. These are fair and reasonable expectations, based on their full engagement with the appointment process, and this work will require sufficient resource and expertise to ensure that the Committee's expectations can be observed.

Impact of draft budget settlement

There are some key potential impacts of the draft allocation that I will set out next, but in short, they will mean changes to the work programme of the office, our ability to act as a critical friend to the Government and public services, and to retention of our highly skilled staff team. All of these are likely to have an impact on children's rights in Wales and the ambitions of Welsh Government for its Programme and values.

1. Changes to agreed programme of work for the organisation

If the draft budget settlement remains unchanged, this will require the organisation to choose between planned areas of work. The work plan for 2022-23 has already been set by the staff team in consultation with our young people's and adult strategic advisory panels and presents a continuation of many important areas of work rather than a quiet or transitional year for the new Commissioner. The work plan includes projects in relation to young people's involvement in democracy, climate change, support for neurodiverse children, education provision in healthcare settings, supporting the implementation of the ALN and Curriculum legislation and the new children's rights duties within them, reporting to the UN Committee on the UK and Welsh Government's record on children's rights, supporting public bodies to implement a children's rights approach and further work on equalities.

This is just the project work proposed and doesn't include our ongoing core work such as:

- Running our successful Ambassador programmes for schools and communities;
- Maintaining our independent, bilingual and free to access investigation and advice service;
- Making an active contribution as an independent member of Government working groups that meet very frequently including eliminating profit in care, mental health and well-being, safeguarding in education, and many others;
- Responding to and informing Government consultations on a wide range of topics;
- Consulting with thousands of children and young people, both to set and inform our ongoing work programmes;
- Maintaining adult and young people's advisory groups to help us critically plan and consider all of our work programme and actions are making the best contribution to children's rights in Wales;

- Bringing young people to meet Ministers to help inform their decision making, and supporting them appropriately to engage with such meetings; and
- Responding to new and emerging challenges for children and young people.

I fear this settlement will restrict the ability of the Commissioner to set an independent work programme covering all of the areas that are important to children and young people in Wales today, and fulfilling the legal remit of the post. A number of rising costs, such as energy and pension costs, are beyond our control, meaning that there will be limited funding available to be responsive and to set an ambitious and appropriate work programme for the children of Wales.

2. Change to the way we work with Welsh Government

The proposed real terms budget cut will fundamentally alter the current working relationship between the office and the Government. Particularly during the pandemic, as my *Coronavirus and Us* reports demonstrate, we responded swiftly and comprehensively to very short notice requests for advice and support from the Welsh Government. This includes the two internationally-renowned Coronavirus and Me surveys, for which no additional funding was requested or received from any partners including the Government, and instigating and supporting the Summer of Fun and Winter of Wellbeing activities. We estimate that these pieces of work alone would have cost the Welsh Government over £100,000 in 2020-22 if they had procured these from another organisation. We regarded these as our contribution to the national emergency as a public service. We have been able to deliver a high standard of work, at pace, due to our experienced and knowledgeable staff team – an asset not only to us as an organisation but also to public service delivery in Wales.

During the pandemic on a weekly, if not daily at times, basis, my staff have collated and submitted children's rights impact assessments on new and confidential policy proposals to advise the Government. I am aware of a number of instances in education and social services where this has significantly altered the policy options being considered by Government, and this ready source of advice has come to be relied upon. I know from Ministers and officials that this work is very much appreciated, and that there is limited expertise within the Government to perform such an expert role.

Continued 'upstream' support of the Government's work at its current levels will simply not be possible or sustainable under the proposed settlement; either because we will need to dedicate more staff time and resource to our project

work in the absence of adequate funding to undertake pieces of thematic work, and/or in light of the need for an organisational restructure.

3. Impact on the effective delivery of the Programme for Government

If unchanged, the draft budget settlement will have a knock on impact on the delivery of the Programme for Government. There are a number of important and very welcome commitments to children in the updated Programme, including the extension of free school meals to primary school children, an expanded childcare offer, mental health sanctuaries and safe places for children and families to attend in a crisis, eliminating profit in children's care services, extension of the school day and the well-being offer for children, the roll out of the new ALN and Curriculum legislation and many more besides. My office has been actively engaged in all of these policy areas and our expert advice and contributions are drawn upon on a regular basis.

My approach has been to work alongside the Government as a critical friend, to get things right first time rather than to await announcements and criticise from the sidelines. This was not only a recommendation from the Shooter review of the office in 2014, but I also believe this to be the best way to deliver successful policies and outcomes for children.

The Budget narrative for 2022-23 includes a commitment to *"continue to protect, rebuild and develop [our] public services"* but the role of my office in holding those services to account on behalf of children will be hampered if a similar approach is not taken to our financial settlement. It is also stated that *"We cannot, and will not, ignore the devastating impacts the pandemic continues to have on the people of Wales. These impacts have not fallen equally or fairly."* Children are one of the groups that have felt a particularly burdensome impact from the pandemic, and continue to do so. As independent champion for children's rights and welfare in Wales, it is vital that my organisation is afforded sufficient funding to represent their interests, and to hear their ongoing experiences so that this can be fed into and inform evolving Government policy on Covid recovery.

4. Impact on staffing costs

If the allocation for my office remains at a 'flat' level for the next three years, a likely consequence is that we will have to reduce the staff costs through any of a number of difficult options. This could mean that we would be unable to implement the fair and negotiated civil service pay settlement for this year that has been agreed by the Welsh Government, nor give any prospects of an increase over the next two years. I am concerned that this will risk staff morale and mental health; in the short term potentially affecting productivity in the first year of a new Commissioner's term and longer term seeing these experienced staff vacating their posts in pursuit of opportunities elsewhere. A

second, equally challenging, option would be a restructure by my successor in her first year, causing significant disruption and upheaval to the delivery of the new Commissioner's work priorities and statutory remit. This is all avoidable with a modest increase that would enable us to maintain a stable workforce and output.

Next steps

The Estimate sets out the range of measures I have undertaken to reduce costs in the organisation as well as a number of substantially higher fixed costs that are beyond the control of my organisation. In short, there is nothing left that I am able to change or cut that would not affect the delivery of our work and the critical advice and support that we regularly offer to the Welsh Government.

I have asked the Government for a substantive response as to how the decision was reached to continue providing the same settlement as previous years during a period where costs outside the accounting officer's control are rising. In light of the curtailed process for scrutiny of the Budget however, I felt it imperative to also raise my concerns with the relevant scrutiny committees.

I would be happy to engage in further scrutiny with your Committee and its members in this regard.

Yours sincerely



Sally Holland
Comisiynydd Plant Cymru
Children's Commissioner for Wales

Encl. CCfW Budget Estimate 2022/23

Rydym yn croesawu gohebiaeth a galwadau yn Gymraeg. Byddwn yn ateb gohebiaeth a gwladau a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd cysylltu yn Gymraeg yn arwain at oedi | We welcome receiving correspondence and calls in Welsh. We will respond to correspondence and calls in Welsh, and contacting us in Welsh will not lead to delay.